

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH01018047

June 9, 2005

Special Investigative Units Regulations

SECOND NOTICE OF AVAILABILITY REVISIONS TO TEXT

On September 1, 2004, California Insurance Commissioner, John Garamendi, issued a Notice of Proposed Action and Notice of Public Hearing proposing amendments to regulations governing the functions and objectives of insurer fraudulent investigative units, commonly called Special Investigative Units. Pursuant to the Notice, the Commissioner invited written public comments regarding the proposed regulations and a public hearing was held by the Department on November 10, 2004 regarding these proposed regulations. The statutory public comment period initiated by this notice closed on November 10, 2004.

On March 18, 2005, the Commissioner issued a revised version of the originally noticed text (hereinafter referred to as the Revised Text) and a document entitled Notice of Availability of Revised Text (hereinafter referred to as Notice of Revised Text). The Notice of Revised Text provided that persons could comment on any changes to the text during a public comment period beginning on March 18 and extending through April 4, 2005. The changes to the originally noticed text that appeared in the Revised Text were either based on comments received during the initial comment period or on the Commissioner's own motion. These changes were either nonsubstantial in nature, solely grammatical or sufficiently related to the originally published text so that the public was adequately noticed that the changes could have resulted from the original regulatory action. Additionally, the citations contained in the authority and reference notes were changed to ensure that all necessary statutory authority was cited. All changes to the Revised Text (including those changes to the authority and reference notes) are clearly indicated so that all additions to text and authority and reference notes appear in double underlined format and all deletions to text and authority and reference notes appear in double underlined strike out.

Following the close of the public comment period on April 4, 2005, the Commissioner has determined that further changes to the Revised Text are necessary and has set them forth in the attached document entitled Revised Text - June 9, 2005.

PUBLIC COMMENT INVITED:

The Commissioner believes the changes set forth in the Revised Text - June 9, 2005 are either nonsubstantial or solely grammatical in nature, or are sufficiently related to the original text so that the public was adequately placed on notice that changes could result from the originally proposed regulatory action. Accordingly, pursuant to the provisions of California Government Code Section

11346.8(c), the Commissioner is soliciting written public comment on the changes indicated in bold font. A copy of the changed text, with the proposed changes clearly indicated, is available for public comment for a period of at least 15 days. Additions to the text are indicated in bold font and deletions from the text are indicated by bold font that is stricken out. Authority and reference citations contained in the notes that follow the proposed regulatory text have been revised. Additions to the notes are indicated by bold font and deletions are indicated by bold font that is stricken.

CONTACT PERSON:

All written comments submitted in response to this notice and all general or substantive questions regarding this Notice should be directed to:

Debra A. Chaum, Senior Staff Counsel (415-538-4115)
California Department of Insurance
Fraud Liaison Bureau
45 Fremont Street, 21st Floor
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Facsimile: (415) 904-5490
E-mail: chaumd@insurance.ca.gov

SUBMISSION OF WRITTEN COMMENTS:

All written comments on the proposed change to text must be received by the Insurance Commissioner, at the address listed above, **no later than 5:00 p.m. on June 27, 2005**. Timely comments submitted by e-mail and facsimile will be accepted and considered.

AUTOMATIC MAILING:

A copy of this notice and the text of the proposed regulations, will automatically be sent to all those who testified at the public hearing, all those who submitted written comments at the public hearing, all persons whose comments were received during the public comment period, all persons who requested copies of information regarding the regulations in the manner prescribed herein, and all persons who requested notification of the availability of text changes.

JOHN GARAMENDI
Insurance Commissioner

By

Debra A. Chaum
Senior Staff Counsel